

WEEKLY ECONOMIC REVIEW

April 18, 2008

Alberta's inflation rate fell 0.6 percentage points to 2.9% in March. Falling prices for imported food and slower growth in shelter costs led to the slowdown in inflation. As inflation eased in Alberta, Saskatchewan took over top spot in Canada with an inflation rate of 3.2%. Nationally, the inflation rate fell to 1.4% as lower food and vehicle costs help offset higher mortgage costs and gasoline prices. Slowing inflation should pave the way for the Bank of Canada to cut interest rates on Tuesday. In contrast to Canada, prices in the U.S. continued to rise in March with inflation at 4%.

In February, the sale of new vehicles in Alberta sagged. Sales fell 3.3% from January and remained basically unchanged from February 2007, increasing only 0.6%. Nationally, new car sales fell as well, dropping 3.2% from January after two months of strong growth.

Manufacturing shipments in Alberta fell 0.4% from January to February. This decline was mostly due to maintenance shutdowns in the petroleum products industry. Excluding this, shipments of manufactured goods rose by 3.1% from the previous month. Canadian shipments rose 1.6% in February. However, shipments are still 2.3% lower than February 2007 levels as the manufacturing industry continues to struggle with the slowing U.S. economy.

↑	Cdn Dollar (US¢/CS)	
	April 18, 2008	99.2
	April 11, 2008	97.9
↑	2008-09 YTD	98.5
	WTI Oil US\$/bbl	
	April 17, 2008	\$ 114.86
↑	April 10, 2008	\$ 110.11
	2008-09 YTD	\$ 109.22
	Nymex Natural Gas CS/MMBtu[*]	
↑	May Contract	
	April 18, 2008	\$10.41
	April 11, 2008	\$10.15

^{*}Estimate based on Nymex Futures Market Price

Results from the Bank of Canada's Business Outlook Survey suggest that a majority of Canadian businesses are bracing for fewer sales over the next 12 months, the first time since 2001. Firms also reported that credit conditions have tightened for the third straight quarter.

U.S. retail sales increased in March by 0.2%, following a drop of 0.4% in February. The gain was primarily due to the rising food and gasoline prices.

Housing starts in the United States dropped to a 17-year low in March, falling 11.9% from February and 36.5% from March 2007.

Lower U.S. inventories and a weak U.S. dollar helped crude oil prices reach yet another record high this week. Oil closed at US\$114.86 on Thursday and climbed above US\$116 in early trading on Friday.

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month(Y/Y)	Year-to-date ¹
Consumer Price Index (2002=100)	March			
Alberta	119.8	0.7%	2.9%	3.3%
Canada	112.6	0.4%	1.4%	1.8%
Manufacturing Shipments (\$ millions)²	February			
Alberta	5,564	-0.4%	-2.2%	-0.4%
Canada	50,102	1.6%	-2.3%	-2.9%
New Motor Vehicle Sales (units)²	February			
Alberta	21,410	-3.3%	0.6%	2.0%
Canada	149,349	-3.2%	8.9%	10.0%

Source: Statistics Canada, ¹Year-to-date compared to the same period in the previous year. ²Seasonally adjusted